

WASHINGTON, DC—On April 29, 2009, Congressman Joe Sestak (PA-07) voted in favor of S.Con.Res. 13, the Fiscal Year 2010 Budget Resolution, which passed the House of Representatives by a vote of 233 to 193. The Congressman supported this Budget because it institutes key strategic investments in education, energy, and health care needed to retool our economy to be competitive in the future, while continuing the necessary actions already underway to promote recovery from the present global economic challenge. The budget resolution provides a strong framework for overcoming our immediate financial crisis and laying the groundwork for our future prosperity, while also reaffirming Congress's commitment to PAYGO budgeting. The budget calls for health care reform, job creation in clean energy and energy efficiency, and college affordability to be completely deficit-neutral.

However, while Congressman Sestak did vote for the bill because of its needed priorities in reclaiming a competitive economy, he disagrees with—and has voiced his disagreement from the outset of this process—with the inclusion of the “reconciliation” procedure, which effectively means that a bill can pass on a straight party-line vote. In the resolution, reconciliation procedures may be used for votes on reforming health care and education. These issues are too important to be decided by a straight party vote, particularly in health care, which accounts for one-seventh of the Nation's economy. All parties deserve a substantive voice in the debate, which can only benefit from having both parties involved. Furthermore, if needed reform is to be long-lasting, a one-party decision will have neither the broad support of a significant number of citizens, nor will it be long-lasting as parties change control.

Ultimately, Congressman Sestak voted for the Budget because he believes it is important to focus this year primarily on ending the recession as quickly as possible by the beginning of next year, while strategically investing in the key reforms of health, education, and energy needed to make our economy competitive once the recession ends. This bill does this by adding only minimally to the deficit in FY 2010. However, as this recession ends, Congressman Sestak will work to address the long-term structural funding issues that cause America's budget to become unsustainable by 2019 if these problems are not addressed, which include the correct approach to Medicare, Medicaid, Social Security, and other mandatory funding, without affecting the benefits provided. Specifically, the Budget:

- builds on the actions taken as part of the American Recovery and Reinvestment Act (the Stimulus Bill) to prevent job losses and rebuild the nation's infrastructure and energy independence for the future;
- begins the strategic investment we must make on health care reform that is necessary to lower costs, improve quality, and expand coverage for the 46 million Americans who now lack health insurance and costs this country more than \$100 billion annually in lost productivity;
- provides investment for rebuilding our educational system to provide an educated and skilled workforce able to function effectively in the future;
- reduces energy dependence and new jobs for the future by increasing investments in renewable energy and energy efficiency by 18% over 2009; and

- reduces the deficit by 50% over the next five years.

"I want to make it clear to my constituents that I view this Nation's economic priorities and strategic investments as a two-stage process," said Congressman Sestak. "First, we must be aggressive up front in confronting this economic crisis. If we do not act boldly now, we will face much larger—not smaller—deficits in the future. And our stimulus measures must take the form of strategic investments—as the President has advocated and Congress has included in the Budget—in education, energy, and health care. These investments now will pay tremendous dividends in the future, in the form of greatly reduced energy and health care costs and a healthy, productive, competitive workforce that will drive our economic prosperity in the future. The second phase is to address the longer term, 'structural deficit' that the President has inherited, in the form of unsustainable spending for mandatory entitlements. We will take the necessary steps to revitalize our economy now and then focus our efforts and attention on entitlement reform to reduce the deficit, taking into account social security, Medicare, Medicaid and other programs without losing benefits for those who are recipients of these programs."

BILL SUMMARY & KEY ISSUES

FY2010 Congressional Budget Resolution Conference Report

The Budget Resolution Conference Agreement protects the key priorities of the House-passed budget resolution—very closely resembling the House-passed resolution in most key areas. The House passed its version of the budget earlier this month by a vote of 233-196—the highest vote total on the budget in more than a decade. On the issue of reconciliation, the conference report will follow the House-passed resolution by including reconciliation instructions for health care reform and education investments. On the issue of deficit reduction, the conference report will contain even smaller deficits in 2014 than the House-passed resolution—reducing the 2014 deficit by about \$70 billion more than the House-passed resolution.

Overview

The 2010 Budget Resolution Conference Report incorporates the four key priorities of the President's budget and the House-passed budget. It takes needed steps to restore fiscal sustainability by cutting the federal budget deficit by about two-thirds by 2013. By 2014, deficits are reduced to about 3.0 percent of GDP, a substantial reduction relative to the deficit of 12.0 percent of GDP expected for 2009. The conference report also makes strategic investments in education, health care reform, and energy independence that are necessary to restore our crumbling economy and put the country in a position to remain globally competitive. The budget provides the fiscal blueprint that will allow Congress to debate and adopt legislation that will reach these goals, but, by its nature, the Budget Resolution does not dictate the specifics of the legislation.

Unlike the last Administration, which inherited a \$5.6 trillion surplus projected over ten years, this Administration inherited an economy in steep decline, a budget in record deficit, and faltering public services due to persistent underfunding and inattention. The Congress has

already taken steps to create jobs and rebuild our economy by enacting the Recovery Act. The conference agreement on the budget is an economic blueprint for the future that builds on these initial steps by making strategic investments to rebuild our economy over the longer term—including investments in health care reform, education, and energy independence—and by putting the budget back on a path to fiscal sustainability.

Provides the Blueprint for Economic Strength — The budget conference agreement makes strategic investments in education, health care reform, and energy independence that are necessary to restore our crumbling economy and put the country in a position to remain globally competitive. It also takes the needed steps to put us back on a more fiscally responsible path by cutting the federal budget deficit by nearly two thirds by 2013.

Supports Health Care Reform — The budget supports the President's goals for health care reform that will lower costs, improve quality, and expand coverage to help the 46 million Americans who now lack health insurance. Like the President's plan, the budget conference agreement assumes health care reform will be paid for and leaves it to the relevant committees to determine the best way to accomplish it.

Builds upon Education Investments Made in Recovery Act — The budget builds upon those investments with further support for early childhood education, high standards and the tools to achieve them for elementary and secondary school students, and efforts to help more Americans obtain a college degree. The budget conference agreement accommodates the President's proposals for new initiatives in early childhood education, effective approaches to making sure all children learn and achieve in school, and continuing to raise the maximum Pell grant award without adding to the budget's bottom line.

Invests in Energy Independence — Our budget builds on significant funding and tax incentives in the Recovery Act by increasing our investments in renewable energy and energy efficiency by some 10 percent for 2010. It also allows for fiscally responsible legislation that will promote energy independence over the long term.

Honors our Veterans — The budget honors our veterans by providing \$53.4 billion in appropriated funding for veterans' health care and other services, which is \$5.6 billion (11.7 percent) more than the 2009 level. The budget also allows Congress to provide funding for VA medical care a year in advance.

Cuts the Deficit by nearly Two Thirds — Our blueprint for the future cuts the deficit by nearly two thirds in four years and even further to 3.0 percent of GDP in 2014, putting the budget on a fiscally sustainable path needed for future economic strength. This budget is in contrast to the historic budget deficit that President Obama and the 111th Congress inherited – a deficit of well over \$1 trillion in 2009.

Economic Recovery

The Obama Administration inherited a deficit of well over \$1 trillion and the worst economic down-turn since the Great Depression. The budget conference agreement builds off the

President's plan, putting forward a blueprint for the future that responds to the fiscal crisis.

Reflects the Recovery Act — Our budget plan reflects the Recovery Act, including its provisions that provide tax relief to middle-income families, create jobs through investments in infrastructure and other key areas, and extend unemployment benefits for millions of Americans. The Congressional Budget Office (CBO) estimates that the Recovery Act will create up to 3.6 million jobs and will raise GDP by between 1.1 percent and 3.4 percent by the fourth quarter of 2010. CBO also estimates that these actions will help end the recession in the fall of 2009.

Provides the Blueprint for Our Future Economic Strength — The conference agreement makes strategic investments in education, health care reform, and energy independence that are necessary to restore our crumbling economy and put the country in a position to remain globally competitive. It also takes the needed steps to restore fiscal sustainability after the economy has rebounded, cutting the federal budget deficit by nearly two thirds by 2013 and even further to 3.0 percent of GDP in 2014.

Begins to Address Inherited Deficits of over \$1 Trillion — The Obama Administration inherited an economy deep in recession and a projected annual deficit of well over \$1 trillion. This deficit didn't arise out of the blue: President Bush inherited a \$5.6 trillion projected 10-year budget surplus which he dissipated on misguided fiscal choices. That surplus represented an opportunity to address some of the major issues facing our country, including preparing for the needs of the retiring baby-boom generation.

2010 Budget Conference Agreement Invests in Health Care

The budget conference agreement accommodates legislation to improve quality, expand coverage, and address rising costs that put so much budget pressure on families, businesses, and the federal budget.

Supports the President's Goals for Health Reform — The President's principles for health reform include making health coverage affordable and available to all, improving safety and quality, and providing Americans with a choice of health plans and physicians, including the choice of keeping their current health plan.

- Begins to Address Rising Costs — The average cost of an employer-sponsored family health insurance policy exceeded \$12,000 in 2008, more than twice what it cost ten years ago. Insurance premiums have grown faster than wages, resulting in less take-home pay for workers. The President's principles include reducing high administrative costs and other inefficiencies that lead to higher costs with no added health benefits.
- Sets Us on a Path to Increase Coverage — The number of people without insurance grew from 38 million in 2000 to nearly 46 million in 2008 – nearly 1 out of 6 Americans. Most uninsured are in working families. Millions more are underinsured, with just bare-bones coverage that leaves them exposed to significant financial hardship if they get sick.
- Aims to Improve Quality of Care — One study found that only 55 percent of recommended care is actually delivered. More than 1 million Americans are injured or killed each year by prescription drug errors. Cost and quality are closely related. There is evidence that as much

as 30 percent of U.S. public and private health spending – about \$700 billion a year – is not producing better health.

Assumes Health Reform Will Be Paid for so that it Does Not Add to the Deficit — Our budget leaves it to the authorizing committees to determine both the policy and how to pay for health care reform.

2010 Budget Conference Agreement Invests in Education

The budget conference agreement is an economic blueprint for our future that accommodates the President's investments in education from early childhood through post-secondary education and training. It supports the President's goal of improving American education and training a workforce that is prepared to compete and succeed in the global economy.

Builds on Recovery Act's Historic Investment in Education — The conference agreement on the budget includes the \$100 billion in education funding provided in the Recovery Act to help states maintain elementary, secondary, and higher education services. The Recovery Act targeted funds to Title I (Education for the Disadvantaged), Head Start, and special education, where the funding can be used to train more teachers to provide needed services in the future. In addition, Congress this year increased the maximum Pell Grant award by \$619 to a total of \$5,350 – the largest annual increase in the program's history – and created the American Opportunity Tax Credit giving students a tax credit of up to \$2,500 to cover college costs.

Makes College More Affordable and Accessible — The budget conference agreement embraces the President's goal of further investments for educating Americans from early childhood through post-secondary education and training. It accommodates the President's proposal to continue raising the maximum Pell grant award in a fiscally responsible way, and to provide additional assistance to help more low-income high school graduates attend and complete college.

Increases Education Funding — The conference agreement matches the President's increase in education funding for targeted services that will raise student achievement using both proven practices and innovative approaches that bring more of the community into cooperative efforts to educate our children.

Supports Early Childhood Education — The budget conference agreement supports education at a young age through a range of approaches, including the President's initiatives to help strengthen and expand early childhood education programs, and paid-for increases in evidence-based home visiting services and reauthorization of support for school meals.

Supports Improved School Breakfast and Lunch Programs — The conference agreement includes a deficit-neutral reserve fund to reauthorize, expand, and improve the child nutrition programs. This reserve fund provides for improvements to meal quality and access in the school lunch and school breakfast programs, which serve nutritious meals to over 31 million children every year.

Republican Plan Could Cut Education — The Republican budget alternative made absolutely no mention of education – no plan to invest in higher education, job training, or even the vital services that put our children on the path to lifelong learning and success. Instead, it made deep unallocated cuts in spending every year – cuts that could easily fall on education as well as other critical governmental services such as health care and law enforcement.

2010 Budget Conference Agreement Invests in Energy Independence

The budget builds on significant funding and tax incentives in the Recovery Act by increasing our investments in renewable energy and energy efficiency by some 10 percent for 2010. These investments will spur new sources of energy that we can produce here, creating new “green collar” jobs for American workers. The conference agreement on the budget also allows for fiscally responsible legislation that will promote energy independence over the longer term.

Builds on Investments in the Recovery Act — The budget reflects the energy investments in the Recovery Act that total \$39 billion in funding and \$20 billion in tax incentives to spur the development and production of new energy and jobs. These investments include:

- modernizing the electricity grid to make it more efficient, secure, and reliable;
- making loans for renewable energy power generation;
- increasing the energy efficiency of federal buildings; and
- helping make state and local governments more energy efficient.

Provides a 10 Percent Increase for Energy Programs — The conference agreement increases appropriations for energy programs by \$540 million (nearly 10 percent) above the 2009 level of regular appropriations. These funds for renewable energy, energy efficiency, research, and technological development are in addition to the funding and tax incentives for energy investment provided in the Recovery Act.

Accommodates Legislation Promoting Energy Independence — Our budget includes a reserve fund that accommodates fiscally responsible legislation to promote energy independence – including to reduce greenhouse gas emissions and help businesses, industries, states, communities, and households adjust to an economy with reduced emissions levels.

Years of Missed Opportunities under Republican Rule — Most of the last eight years were marked by missed opportunities under the Bush Administration. Its failure to make bold investments in renewable energy and more efficient technology has left us dangerously dependent on foreign oil, which continues to leave our economy and American families vulnerable.

2010 Budget Conference Agreement Honors Our Veterans

Our budget honors our veterans by providing an 11.7 percent increase for veterans' health care and other services. In addition, the conference agreement on the budget allows Congress to provide funding for VA medical care a year in advance.

Honors our Veterans by Providing an 11.7 Percent Funding Increase — The budget builds on

the President's request by providing \$53.4 billion in appropriated funding for veterans' programs for 2010, which is \$5.6 billion (11.7 percent) more than the 2009 level. Over five years, the conference agreement increases funding for veterans' programs by more than \$27 billion.

Expands Health Care Eligibility and Research — The conference agreement supports the President's budget by ending the Bush Administration's ban on enrolling modest-income veterans for VA health care. It also provides more funding than 2009 for VA to research and treat mental health, post-traumatic stress disorder, and traumatic brain injury.

Affirms VA's Current Billing Policy — Our budget affirms and assumes VA's current policy of paying for the treatment of veterans' service-connected conditions and billing private insurance companies only for the treatment of conditions that are not related to a veteran's military service.

Restores Fiscal Responsibility and Accountability

The conference agreement on the budget begins the process of turning around the Republican budget legacy of deep deficits, mounting debt, and economic decline due to the Bush Administration's reckless fiscal policy. It takes steps to put the budget back on a fiscally sustainable path by restoring fiscal responsibility and cutting the deficit by nearly two thirds by 2013.

Cuts the Deficit by Nearly Two Thirds — The President set a firm goal of cutting the budget deficit in half over four years, and this conference agreement does that and more. It takes the record deficit that President Obama and the 111th Congress inherited in 2009, and cuts the 2009 deficit of \$1.7 trillion by nearly two thirds in 2013 and even further to 3.0 percent of GDP in 2014.

Invests to Build a Stronger Economy without Increasing the Deficit — Our budget makes strategic investments in health care, education, and energy, areas critical to a strong economic future. For these and other key priorities, it includes deficit-neutral reserve funds that will accommodate legislation in these areas consistent with the pay-as-you-go (PAYGO) principle.

Improves Fiscal Discipline through Statutory PAYGO — The budget improves fiscal discipline by requiring statutory PAYGO as a condition for making current policy adjustments to the baseline for tax cuts and the Medicare physician payment system. Statutory PAYGO was critical to turning the budgets around in the 1990s, but the Republican Congress and the Bush Administration allowed it to expire in 2002, contributing to the deep deficits they accumulated. As one of its first acts, the 110th Congress instituted a tough new House PAYGO rule. The resolution would reaffirm and strengthen the commitment to PAYGO by providing for action on statutory PAYGO to enforce a realistic baseline.

Includes Investments in Oversight and Enforcement Yielding Valuable Savings — Our budget generates valuable savings by expanding oversight activities in large benefit programs, more aggressively pursuing fraud, and increasing tax compliance and enforcement activities to

ensure taxpayer dollars are spent wisely.

Makes More Realistic Deficit Estimates — To provide for a more realistic accounting of the government's financial position, our budget – like the President's plan – includes likely foreseeable costs that have been omitted from past budgets. These include costs of our overseas deployments and emergencies such as natural disasters that can't be predicted with precision, but that nevertheless can be expected to occur.

Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, Joe was the first Director of "Deep Blue," the Navy's anti-terrorism unit that established strategic and operations policies for the "Global War on Terrorism." He served as President Clinton's Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Joe is the highest-ranking former military officer ever elected to the U.S. Congress.